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### PLANNING THE 1941 PROGRAM

All over the Region, committeemen from States, counties, and communities are discussing recommendations for the 1941 program. The questions listed below are among those insistently recurring and seem likely to be among the issues before the National AAA Conference on July 10 to 12.

Seeding Payments. The future and the justification of the conservation program will constantly depend upon how much conservation we deliver for the money we spend. It is charged that a big part of the seeding payments are for seedings that would be made without the payments. If conservation payments degenerated into handouts, farmers and taxpayers both would lose - farmers because the money might have been used to help them get farther ahead, and taxpayers because they wouldn't get what they paid for.

Pasture Improvement. The issue here is a part of the general question of how to concentrate the program on those practices that are most important. The power to do this is largely in the hands of committees now. If they fully understand their powers and use them with unrelenting consciences they can accelerate greatly the agricultural progress of their counties.

Vegetable Program. There is a widespread feeling that the vegetable program, while good, is inadequate. A national vegetable conference will be held June 3 to 5. So far as possible vegetable counties should get suggestions to their State committees before that time.

Apple Trees. Representatives of apple growers in the principal apple-growing States have recommended payments for removing what they call "uneconomic" and "marginal" apple trees. They argue that removal of such trees will simplify disease and insect control and will eliminate much low-grade fruit now dumped on the market which disgusts both the trade and the housewife, and clogs the market for good fruit.

Superphosphate. The great expansion in the use of superphosphate on conserving crops is one of the most remarkable achievements of the conservation program.

However, there are grave difficulties in drawing the line between approved and unapproved uses. Superphosphate on grain crops may be good for the clover seeded in the grain but bad for the prices of wheat or livestock products. Can the approved uses of superphosphate be defined so as to give all possible conservation without overproduction of critical crops?

*Q. W. Manchester*

### THE FACTS ABOUT CROP ADJUSTMENT

A good many people seem to be uncertain about acreage adjustment under the Farm Program. What is it for, they ask. Does it work or doesn't it? Is it sound policy for agriculture? Or, granting that other businesses adjust production to the market and that it is necessary for farmers to do the same thing, should the national Government help them do the job?

Acreage Adjustment Necessary for Conservation - Conservation is one chief objective of the Adjustment Program. Our land resources were being rapidly destroyed, primarily because we have followed bad cropping systems -- continuous cultivation or too many acres of soil-depleting crops, especially corn, wheat, and cotton. In 1936 a nation-wide survey revealed that it was necessary to replace between 20 and 30 million acres of soil-depleting crops with soil-conserving crops if our soils were to be saved.

Adjustment an Essential of Good Farm Income - Balancing the production of farm products with market demand as a step toward fair prices and incomes for farmers is the other objective of the crop adjustment program.

Acreage Adjustment is Being Accomplished - The acreage of soil-depleting crops is more than 28 million acres lower now than the average of the five years before the farm program started. The heaviest reductions were made in the acreages of cotton, corn, and wheat. As compared with the average of the five years before the program, the acreage of corn in 1939 was 12 million acres less, wheat 3 million acres less, and cotton 16 million acres less.

Production Adjustment is Being Made - The statement is frequently made that by increasing yields farmers have undone the effects of acreage adjustment. The facts are that there was no effective adjustment program from 1935 until the present program enacted in 1938; that in the absence of such a program in 1936 and 1937 surpluses of cotton, wheat, and corn mounted sharply in 1937; and that, due to the lateness of the enactment of legislation in 1938, the year 1939 was the first full year of operation of the present effective adjustment program. Since 1938 notable progress has been made in adjusting production to market demand. The ever-normal granary has worked perfectly with wheat, bringing the acreage down from about 80 million to about 64 million acres, and the supply is well in line with domestic and foreign demand. Cotton production has been kept at about 12 million bales for the last two years, which is some three or four million bales less than production prior to 1933. The full effects of acreage allotments were not felt in corn production because of the great increase in yields due to rapid introduction of hybrid high-yielding strains. Nevertheless, the acreage allotment program for corn has prevented serious overproduction and the new allotments for 1940 made allowance for the increases in yield brought about by hybrid seed.

Larger Reserves Handled Soundly - The country, as a matter of policy, carries much greater reserve supplies of foods and fibers now than it used to. These reserves protect against the effects of droughts and crop disasters and constitute agricultural preparedness for other emergencies. The problem is to maintain these reserves without having them destroy prices and incomes. This is done by a system of commodity loans. The system is called the "Ever-Normal Granary." Without acreage adjustment these loans would be unsound and dangerous. Accompanied by acreage allotments, they have been of great importance in improving farmers' incomes. Crop adjustment is the foundation of this system and other measures that make up a well rounded, complete farm program.

Farm Income Has Increased - Farm income has increased. . . . cash farm income was about 8.5 billion dollars in 1939 compared with 4.7 billion dollars in 1932. Farm purchasing power has increased. . . . farmers were able to buy about the same amount of goods in 1939 as they did in 1929. Income of corn producers was almost four times as much as in 1932. . . . producers of wheat, cotton, and tobacco enjoyed about twice as much income in 1939 as in 1932.

Does Crop Adjustment Cause Scarcity? - Thoughtful people argue that material progress for this country consists of an increase in production, not a decrease. Acreage adjustment sometimes decreases production, and therefore it is contended such adjustment must be basically unsound.

The conclusion overlooks the fact that it is only an increase in goods that are wanted and will be used that adds to real national wealth. There is no real gain by increasing the production of unwanted goods, such as surplus potatoes, that will eventually rot in the fields.

Unwanted surpluses such as these do not increase real wealth. Actually they are creators of scarcity: - scarcity of clothes, of automobiles, and of manufactured goods of all sorts.

How is this? The answer is simple. When surpluses bring cotton prices down to 6 cents a pound, cotton producers cannot buy adequate clothing, much less automobiles or furniture or the many things they need. Consequently, the mills are idle, unemployment increases, and the production of manufactured goods declines. The same truth holds for any farm product. If we continue excessive agricultural production, in the name of abundance, the decrease in farmers' ability to buy creates real scarcity, scarcity that hurts, scarcity of goods that people want and need, scarcity of employment. Balanced agricultural production is one essential of a high national income.

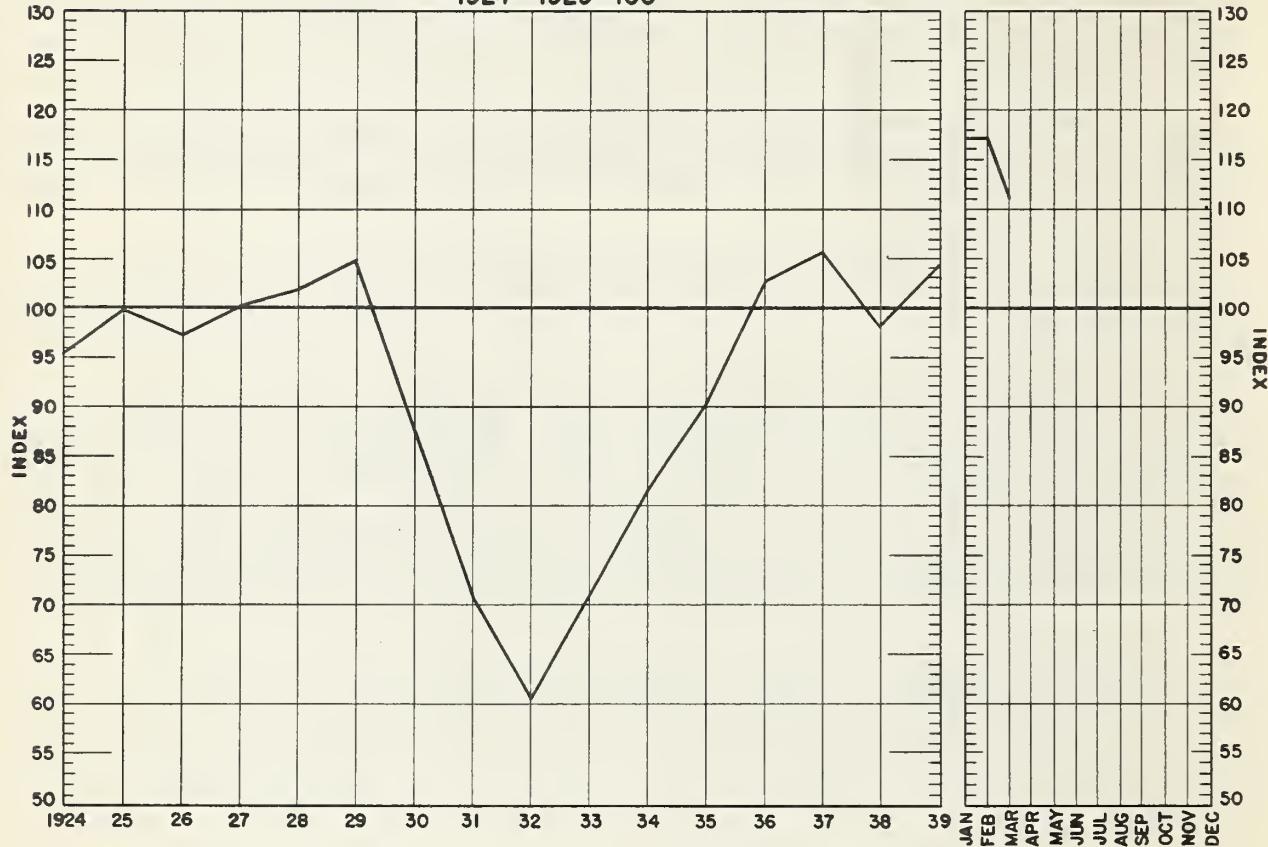
The Farm Program Has Brought Abundance - The improvement of farm income under the farm program has resulted in great increases in industrial activity in this country. It is recognized as being directly responsible for a substantial part of the 71 percent increase in the national income, the 64 percent increase in industrial production, and for the seven million people put back to work in private employment since the program began.

This greater abundance has been brought about while maintaining ample supplies of our staple crops. There has been no shortage of needed food or fiber. In addition, through the reserves of corn and wheat built up in the AAA Ever-Normal Granary, consumers are protected as never before against the scarcity and high prices which have at intervals accompanied periods of drought and short crops in the past.

Why Shouldn't Farmers Adjust Without Government Aid? - Farming is a business of millions of small producers. Previous to the adjustment program farmers had never succeeded in uniting for any considerable time to adjust production. There is no reason to expect they could succeed without that aid now.

Facing that fact, the practical question is, - Is crop adjustment worth enough to the country to justify the expenditures necessary to bring it about? The answer is (1) Crop adjustment is a necessary part of conservation. Conservation is indispensable to the future of the country. (2) Crop adjustment is one essential of any program to give decent farm incomes. Decent farm incomes and farmers' buying ability are essential to general business prosperity.

INDEX OF PURCHASING POWER U.S. CASH FARM INCOME 1924 TO DATE  
1924 - 1929 = 100



The graph above shows the percentage changes in the real income of farmers of this country for the period 1924 to 1939 and for the first three months of 1940. The real income of farmers is measured by the quantity of goods which they can purchase with the cash income received. If prices farmers pay for goods and services remain the same, the real income will vary with the income received. With fluctuating prices for goods farmers buy, the real income of farmers varies with the amount of income they receive and the cost of the things they buy.

The horizontal line marked "100" represents the average amount of goods and services, including interest and taxes, that the total annual farm cash income would purchase during the period 1924-29. The other line portrays the fall and recovery in the average farmer's financial ability to meet his farm expenses, including interest and taxes, and to buy goods for his family to live on.